

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: :
:
LEHMAN BROTHERS SECURITIES AND :
ERISA LITIGATION : Civil File No. 09 MD 2017
: (LAK)
This Document Applies to: :
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In re Lehman Brothers Equity/Debt Securities :
Litigation, 08 Civ. 5523 (LAK) :
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**DECLARATION OF MICHAEL J. CHEPIGA IN SUPPORT OF THE
EXECUTIVE DEFENDANTS' MOTION TO DISMISS THE EXCHANGE ACT CLAIMS
OF THE SECOND AMENDED CONSOLIDATED CLASS ACTION COMPLAINT**

I, Michael J. Chepiga, Esq., submit this declaration pursuant to 28 U.S.C. § 1746 and declare as follows:

1. I am a partner with the law firm of Simpson Thacher & Bartlett LLP, attorneys for defendants Joseph M. Gregory, Ian Lowitt and Christopher M. O'Meara (together with defendants Richard S. Fuld, Jr., and Erin Callan, the "Executive Defendants") in the above-captioned action. I respectfully submit this declaration in support of the Executive Defendants' Motion to Dismiss the Exchange Act Claims of the Second Consolidated Class Action Complaint. I am familiar with the facts and circumstances stated herein, based on personal knowledge, the attached documents, or review of the files maintained by my firm.

2. Attached hereto as Exhibit 1 is a true and correct copy of a chart entitled Financial Crisis Securities Cases.

3. Attached hereto as Exhibit 2 is a true and correct copy of a chart entitled *Statements By Financial Leaders Regarding The Financial Crisis*. Attached hereto as tabs to Exhibit 2 are true and correct copies of:

Tab 1: Article entitled *Energy Prices Could Speed Inflation*, in ABCNEWS.GO.COM, by Dan Arnall, dated April 27, 2006.

Tab 2: Article entitled *Greenspan: Housing Market Worst May be Over*, in MSNBC.COM, by Reuters, dated October 9, 2006.

Tab 3: Article entitled *Greenspan Says Worst of U.S. Housing Slowdown Is Over*, in BLOOMBERG.COM, by Doug Alexander, dated February 14, 2007.

Tab 4: Testimony of Ben S. Bernanke, Chairman, Federal Reserve before the House Committee on the Budget, entitled *Fiscal Challenges and the Economy in the Long Term*, dated February 28, 2007.

Tab 5: Article entitled *From Feast to Famine: Farewell Easy Credit*, in Globe and Mail, by Barrie McKenna, dated March 17, 2007.

Tab 6: Article entitled *Greenspan Tones Down Recession Warning*, in the Los Angeles Times, dated March 2, 2007.

Tab 7: Article entitled *Fed Staffer says no Subprime Spillover Now Seen*, in Reuters, dated March 22, 2007.

Tab 8: Statement of Ben S. Bernanke, Chairman, Federal Reserve, before the Joint Economic Committee, entitled *The Economic Outlook*, dated March 28, 2007.

Tab 9: Report entitled *Chapter 1: Assessing Global Financial Risks*, in Global Financial Stability Report, by the International Monetary Fund, dated April 2007.

Tab 10: Article entitled *Subprime Woes Likely Contained: Treasury's Paulson*, in Reuters, dated April 20, 2007.

Tab 11: Speech by Ben S. Bernanke, Chairman, Federal Reserve, at the Federal Reserve Bank of Chicago's 43 Annual Conference on Bank Structure and Competition, dated May 17, 2007.

Tab 12: Transcript of the *Lehrer Newshour*, a PBS television broadcast, dated May 17, 2007.

Tab 13: Article entitled *Brokers, Bankers Play Subprime Blame Game*, in MSNBC.com, by the Associated Press, dated May 22, 2007.

Tab 14: Article entitled *Bernanke was Wrong: Subprime Contagion is Spreading*, in BLOOMBERG.COM, by Bob Ivry, dated August 10, 2007.

Tab 15: Article entitled *Paulson Sees U.S. Housing Downturn Near End*, in Reuters, by Emily Kaiser, dated July 2, 2007.

Tab 16: Transcript of Henry Paulson's interview, *The Kudlow Report*, a CNBC television broadcast, dated July 23, 2007.

Tab 17: Article entitled *European finance ministers soothe nerves*, in the Times (London), dated September 15, 2007.

Tab 18: Article entitled *Stocks pare losses after economic data comes in as expected, Greenspan sounds upbeat on credit*, in the International Herald Tribune, October 3, 2007. An article entitled *Stocks pare losses after economic data comes in as expected, Greenspan sounds upbeat on credit*, in Associated Press WorldStream, by Tim Paradis, dated October 3, 2007.

Tab 19: Statement of G-7 Finance Ministers and Central Bank Governors, dated Oct. 19, 2007.

Tab 20: Article entitled *Bernanke Proposes New Mortgage Guarantees*, in MSNBC.COM, by John W. Schoen, dated November 8, 2007.

Tab 21: Statement of Henry M. Paulson, Jr., Treasury Secretary before the Senate Committee on Banking, Housing & Urban Affairs, entitled *The State of the United States Economy and the Financial Markets* (2008).

Tab 22: Article entitled *Banks Should Seek More Capital: Bernanke*, in Reuters, by Alister Bull, dated February 28, 2008.

Tab 23: Article entitled *Stocks Rise After S&P Report*, in BOSTON.COM, by Madlen Read, dated March 13, 2008.

Tab 24: Partial transcript of *Fox News Sunday with Chris Wallace*, a FOX television broadcast, dated March 16, 2008.

Tab 25: Article entitled *Paulson Sees Credit Crisis Waning*, in the Wall Street Journal, by Michael M. Phillips & Damian Paletta, dated May 7, 2008.

Tab 26: Remarks by Henry Paulson, Former Secretary of the Treasury, entitled *The U.S. Economy, Housing and Capital Markets*, before the Washington Post 200 Lunch, dated May 16, 2008.

Tab 27: Article entitled *Fuel Costs Pushed Up Inflation In May: Rise In Overall Prices Was Fastest in 6 Months*, in the Washington Post, by Neil Irwin, dated June 14, 2008.

Tab 28: Article entitled *Fannie Mae and Freddie Mac are in 'Good Shape' Dodd Says*, in BLOOMBERG.COM, by Justin Blum, dated July 13, 2008.

Tab 29: Testimony of Ben S. Bernanke, Chairman, Federal Reserve, before the Committee on Financial Services, entitled *Monetary Policy and the State of the Economy (Second Session)*, dated July 16, 2008.

Tab 30: Article entitled *He Also Says the Current Rough Patch Will Last Months, With More Banks in Trouble*, in the Los Angeles Times, by the Associated Press, dated July 21, 2008.

Tab 31: Remarks by Secretary Henry M. Paulson, Jr., entitled Markets and the Economy, at the Exchequer Club, dated July 31, 2008.

Tab 32: Article entitled *Paulson Says No Plan is Afoot to Rescue Mortgage Agencies*, in the New York Times, by Bloomberg News, dated August 11, 2008.

4. Attached hereto as Exhibit 3 is a true and correct copy of a chart entitled Confidential Witness Statements.

5. Attached hereto as Exhibit 4 is a true and correct copy of a transcript entitled *Greenspan Grilled Over Credit Crisis*, from Lateline, by Michael Rowland, dated October 24, 2008.

6. Attached hereto as Exhibit 5 is a true and correct copy of Chapter 1 of a report by the International Monetary Fund entitled *World Economic Outlook: Crisis and Recovery*, dated April 2009.

7. Attached hereto as Exhibit 6 is a true and correct copy of J.P. Morgan Chase & Co.'s Current Report (Form 8-K), filed with the Securities and Exchange Commission ("SEC") on March 24, 2008.

8. Attached hereto as Exhibit 7 is a true and correct copy of Bank of America Corp.'s Current Report (Form 8-K), filed with the SEC on September 15, 2008.

9. Attached hereto as Exhibit 8 is a true and correct copy of Wells Fargo & Co.'s Current Report (Form 8-K), filed with the SEC on October 9, 2008.

10. Attached hereto as Exhibit 9 is a true and correct copy of a press release entitled *FDIC Establishes IndyMac Federal Bank, FSB as Successor to IndyMac Bank, F.S.B., Pasadena, California*, from the FDIC, dated July 11, 2008.

11. Attached hereto as Exhibit 10 is a true and correct copy of J.P. Morgan Chase & Co.'s Current Report (Form 8-K), filed with the SEC on September 25, 2008.

12. Attached hereto as Exhibit 11 is a true and correct copy of a statement of Federal Housing Finance Agency Director James B. Lockhart, from a Federal Housing Finance Agency Release, dated September 7, 2008.

13. Attached hereto as Exhibit 12 is a true and correct copy of an article entitled *Struggling to Keep Up as the Crisis Raced On*, in the New York Times, by Joe Nocera and Edmund L. Andrews, dated October 23, 2008.

14. Attached hereto as Exhibit 13 is a true and correct copy of the testimony of Dr. Alan Greenspan, before the House Oversight Committee, entitled *The Financial Crisis and the Role of Federal Regulators*, dated October 23, 2008.

15. Attached hereto as Exhibit 14 is a true and correct copy of excerpts of a transcript of the Bankruptcy Hearing in *In re Lehman Brothers Holdings Inc.*, Case No. 08-13555 (Bankr. S.D.N.Y), dated September 19, 2008.

16. Attached hereto as Exhibit 15 is a true and correct copy of the Second Consolidated Amended Class Action Complaint, filed in the above-caption action on February 23, 2009.

17. Attached hereto as Exhibit 16 is a true and correct copy of a chart of the S&P 500 Financial Sector Index from June 12, 2007 to September 15, 2008, from Bloomberg L.P.

18. Attached hereto as Exhibit 17 is a true and correct copy of Lehman Brothers Holdings Inc.'s 2006 Annual Report (Form 10-K), filed with the SEC on February 13, 2007.

19. Attached hereto as Exhibit 18 is a true and correct copy of Lehman Brothers Holdings Inc.'s 2007 Annual Report (Form 10-K), filed with the SEC on January 29, 2008.

20. Attached hereto as Exhibit 19 is a true and correct copy of Lehman Brothers Holdings Inc.'s Second Quarter 2007 Quarterly Report (Form 10-Q), filed with the SEC on July 10, 2007.

21. Attached hereto as Exhibit 20 is a true and correct copy of a chart of Lehman Brothers Holdings Inc.'s Closing Share Price on January 2, 2001 and December 29, 2006, from Bloomberg L.P.

22. Attached hereto as Exhibit 21 is a true and correct copy of Lehman Brothers Holdings Inc.'s First Quarter 2007 Quarterly Report (Form 10-Q), filed with the SEC on April 9, 2007.

23. Attached hereto as Exhibit 22 is a true and correct copy of a report entitled *Why Was Lehman Brothers Rated 'A'?*, by Standard & Poor's, dated September 24, 2008.

24. Attached hereto as Exhibit 23 is a true and correct copy of Lehman Brothers Holdings Inc.'s Current Report (Form 8-K), filed with the SEC on March 18, 2008.

25. Attached hereto as Exhibit 24 is a true and correct copy of Transcript of Lehman Brothers Holdings Inc.'s First Quarter 2007 Earnings Conference Call, dated March 14, 2007.

26. Attached hereto as Exhibit 25 is a true and correct copy of Transcript of Lehman Brothers Holdings Inc.'s Second Quarter 2007 Earnings Conference Call, dated June 12, 2007

27. Attached hereto as Exhibit 26 is a true and correct copy of an excerpt from Barron's Dictionary of Finance and Investment Terms, from the 7th edition, published in 2006.

28. Attached hereto as Exhibit 27 is a true and correct copy of Lehman Brothers Holdings Inc.'s Current Report (Form 8-K), filed with the SEC on June 16, 2008.

29. Attached hereto as Exhibit 28 is a true and correct copy of Structured Asset Securities Corporation, Free Writing Prospectus to November 13, 2006 Prospectus, dated January 24, 2007 and filed with the SEC on January 25, 2007.

30. Attached hereto as Exhibit 29 is a true and correct copy of Structured Asset Securities Corporation, Prospectus Supplement to May 22, 2007 Prospectus, dated June 28, 2007 and filed with the SEC on July 2, 2007.

31. Attached hereto as Exhibit 30 is a true and correct copy of Structured Asset Securities Corporation, Greenpoint Mortgage Funding Trust 2006-AR7, Free Writing Prospectus to September 13, 2006 Prospectus, dated and filed with the SEC on November 13, 2006.

32. Attached hereto as Exhibit 31 is a true and correct copy of Transcript of Lehman Brothers Holdings Inc.'s Fourth Quarter 2007 Earnings Conference Call, dated December 13, 2007.

33. Attached hereto as Exhibit 32 is a true and correct copy of Lehman Brothers Holdings Inc.'s Third Quarter 2007 Quarterly Report (Form 10-Q), filed with the SEC on October 10, 2007.

34. Attached hereto as Exhibit 33 is a true and correct copy of Lehman Brothers Holdings Inc.'s First Quarter 2008 Quarterly Report (Form 10-Q), filed with the SEC on April 9, 2008.

35. Attached hereto as Exhibit 34 is a true and correct copy of Lehman Brothers Holdings Inc.'s Second Quarter 2008 Quarterly Report (Form 10-Q), filed with the SEC on July 10, 2008.

36. Attached hereto as Exhibit 35 is a true and correct copy of Transcript of Lehman Brothers Holdings Inc.'s First Quarter 2008 Earnings Conference Call, dated March 18, 2008.

37. Attached hereto as Exhibit 36 is a true and correct copy of Transcript of Lehman Brothers Holdings Inc.'s Second Quarter 2008 Earnings Conference Call, dated June 16, 2008.

38. Attached hereto as Exhibit 37 is a true and correct copy of a letter by the SEC Division of Corporate Finance, dated March 27, 2008.

39. Attached hereto as Exhibit 38 is a true and correct copy of a WESTLAW printout of SEC Regulation S-K, Item 305, Quantitative and Qualitative Disclosures About Market Risk, 17 C.F.R. § 229.305 (2008).

40. Attached hereto as Exhibit 39 is a true and correct copy of Lehman Brothers Holdings Inc.'s Current Report (Form 8-K), filed with the SEC on August 22, 2007.

41. Attached hereto as Exhibit 40 is a true and correct copy of Lehman Brothers Holdings Inc.'s Current Report (Form 8-K), filed with the SEC on September 6, 2007.

42. Attached hereto as Exhibit 41 is a true and correct copy of Lehman Brothers Holdings Inc.'s Current Report (Form 8-K), filed with the SEC on January 17, 2007.

43. Attached hereto as Exhibit 42 is a true and correct copy of Transcript of Lehman Brothers Holdings Inc.'s Third Quarter 2007 Earnings Conference Call, dated September 18, 2007.

44. Attached hereto as Exhibit 43 is a true and correct copy of SEC Final Rule: Alternative Net Capital Requirements for Broker-Dealers That Are Part of Consolidated Supervised Entities, dated August 20, 2004.

45. Attached hereto as Exhibit 44 is a true and correct copy of J.P. Morgan Chase & Co.'s Current Report (Form 8-K), filed with the SEC on March 24, 2008.

46. Attached hereto as Exhibit 45 is a true and correct copy of a printout of Lehman Brothers Holdings Inc.'s Closing Share Price, Mar. 13, 2008-Mar. 17, 2008, Bloomberg L.P.

47. Attached hereto as Exhibit 46 is a true and correct copy of an article entitled *Lehman's Fuld Says 'Worst is Behind Us' in Crisis*, in Bloomberg.com, by Josh Fineman and Yalman Onaran, dated April 15, 2008.

48. Attached hereto as Exhibit 47 is a true and correct copy of Lehman Brothers Holdings Inc., Prospectus Supplement (Form 424B2), dated April 4, 2008.

49. Attached hereto as Exhibit 48 is a true and correct copy of Lehman Brothers Holdings Inc., Preferred Prospectus Supplement (Form 424B2), filed with the SEC on June 9, 2008.

50. Attached hereto as Exhibit 49 is a true and correct copy of Lehman Brothers Holdings Inc., Common Prospectus Supplement (Form 424B2), filed with the SEC on June 9, 2008.

51. Attached hereto as Exhibit 50 is a true and correct copy of Transcript of Lehman Brothers Holdings Inc.'s Preliminary Third Quarter 2008 Earnings Conference Call, dated September 10, 2008.

52. Attached hereto as Exhibit 51 is a true and correct copy of Transcript of Lehman Brothers Holdings Inc.'s Preliminary Second Quarter 2008 Earnings Conference Call, dated June 9, 2008.

53. Attached hereto as Exhibit 52 is a true and correct copy of Morgan Stanley's 2008 Annual Report (Form 10-K), filed with the SEC on January 28, 2009.

54. Attached hereto as Exhibit 53 is a true and correct copy of Goldman Sachs' Current Report (Form 8-K), filed with the SEC on September 22, 2008.

55. Attached hereto as Exhibit 54 is a true and correct copy of the complaint in *City of Fremont v. Citigroup Global Markets, Inc., et al.*, No. 09-cv-00926 (N.D. Cal. Feb. 24, 2009).

56. Attached hereto as Exhibit 55 is a true and correct copy of an article entitled *Overview: Global Financial Crisis Spurs Unprecedented Policy Actions*, by Ingo Fender and Jacob Gyntelberg, dated December 2008.

57. Attached hereto as Exhibit 56 is a true and correct copy a printout of Washington Mutual's Closing Share Price, Sept. 5, 2008-Sept. 9, 2008, Bloomberg L.P.

58. Attached hereto as Exhibit 57 is a true and correct copy a printout Merrill Lynch & Co.'s Closing Share Price, Sept. 5, 2008- Sept. 9, 2008, Bloomberg L.P.

59. Attached hereto as Exhibit 58 is a true and correct copy of a printout from the SEC's website entitled Frequently Requested FOIA Document: Fails-to-Deliver Data--Archive Data.

60. Attached hereto as Exhibit 59 is a true and correct copy of an article entitled *The Two Faces of Lehman's Fall*, in the Wall Street Journal, by Carrick Mollenkamp, Susanne Craig, Jeffrey McCracken and Jon Hilsenrath, dated October 6, 2008.

61. Attached hereto as Exhibit 60 is a true and correct copy of a transcript entitled *Testimony Concerning Lessons Learned in Risk Management Oversight at Federal Financial Regulators* by Erik Sirri, Director, Division of Trading and Markets, U.S. Securities and Exchange Commission, dated March 18, 2009.

62. Attached hereto as Exhibit 61 is a true and correct copy of excerpts of a transcript of the Bankruptcy Hearing in *In re Lehman Brothers Holdings Inc.*, Case No. 08-13555 (Bankr. S.D.N.Y), dated September 16, 2008.

63. Attached hereto as Exhibit 62 is a true and correct copy of an article entitled *After the Panic of '08*, in Fortune, by Glenn Hutchins, dated March 16, 2009.

64. Attached hereto as Exhibit 63 is a true and correct copy of the complaint filed in *Solton v. Fuld, et. al.*, No. 08-CV-5617 (N.D. Cal. Dec. 1, 2008).

65. Attached hereto as Exhibit 64 is a true and correct copy of Lehman Brothers Holdings Inc. 2007 Proxy Statement on Form DEF 14A, filed with the SEC on February 26, 2007.

66. Attached hereto as Exhibit 65 is a true and correct copy of Lehman Brothers Holdings Inc. 2008 Proxy Statement on Form DEF 14A, filed with the SEC on March 5, 2008.

67. Attached hereto as Exhibit 66 is a true and correct copy of a printout of Lehman Brothers Holding Inc.'s Closing Share Price, February 6, 2007 Bloomberg L.P.

68. Attached hereto as Exhibit 67 are true and correct copies of Richard S. Fuld, Jr. SEC Form 4, filed with the SEC on September 18, 2006; Richard S. Fuld, Jr. SEC Form 4, filed with the SEC on July 26, 2006; Richard S. Fuld, Jr. SEC Form 4, filed with the SEC on July 24, 2006; Richard S. Fuld, Jr. SEC Form 4, filed with the SEC on March 20, 2006.

69. Attached hereto as Exhibit 68 is a true and correct copy of Christopher O'Meara SEC Form 4, filed with the SEC on December 4, 2007.

70. Attached hereto as Exhibit 69 is a true and correct copy of Ian Lowitt SEC Form 4, filed with the SEC on December 4, 2007.

71. Attached hereto as Exhibit 70 is a true and correct copy of Erin Callan SEC Form 3, filed with the SEC on December 1, 2007.

72. Attached hereto as Exhibit 71 are true and correct copies of Erin Callan SEC Form 4, filed with the SEC on December 7, 2007; Erin Callan SEC Form 4, filed with the SEC on February 9, 2008.

73. Attached hereto as Exhibit 72 is a true and correct copy of remarks by Richard S. Fuld Jr. before the House Committee on Oversight and Government Reform, entitled The Causes and Effects of the Lehman Bankruptcy, dated October 6, 2008.

74. Attached hereto as Exhibit 73 is a true and correct copy of Lehman Brothers Holdings Inc.'s Current Report (Form 8-K), filed with the SEC on June 9, 2008.

75. Attached hereto as Exhibit 74 is a true and correct copy of Lehman Brothers Holdings Inc.'s Current Report (Form 8-K), filed with the SEC on September 10, 2008.

76. Attached hereto as Exhibit 75 is a true and correct copy of a printout from Google Finance, entitled Chart of S&P 500 Financial Sector Index from June 2007 to April 24, 2009.

77. Attached hereto as Exhibit 76 is a true and correct copy of a printout of Lehman Brothers Holdings Inc.'s Share Prices, July 9, 2008-July 14, 2008, Bloomberg L.P.

78. Attached here as Exhibit 77 is a true and correct copy of a press release entitled Remarks by Secretary Henry M. Paulson, Jr. at The Ronald Reagan Presidential Library, dated November 20, 2008.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 27, 2009.

/s/ Michael J. Chepiga
Michael J. Chepiga